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~~LETTER TO CONGRESSMAN STUDDS FROM UNDERSECRETARY BENSON~~

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*Answers to these questions contained in classified supplement.

UNDER SECRETARY OF STATE
FOR SECURITY ASSISTANCE
WASHINGTON

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March 21, 1978

Dear Gerry:

The Secretary has asked me to respond to your thoughtful letter of February 23, in which you discuss the Administration's proposal to sell aircraft to Israel, Egypt and Saudi Arabia. The answers to the series of questions you posed are enclosed. The five general propositions raised in your letter are among the most important considered by the Administration in deciding whether to proceed with these sales. I would like, therefore, to discuss our thinking on each one of these points.

First, let me assure you that our desire to bring peace to the Middle East is paramount. If we had determined that the sale were not in the interest of bringing peace, we would not have gone forward. This was, of course, the most difficult question to assess. The sale of arms for the purpose of assisting a peace process admittedly seems paradoxical at first blush. A close look at the situation led us to conclude, however, that the United States could not ignore security needs we ourselves had determined to be valid and expect to be trusted as an intermediary. An essential ingredient in movement toward a settlement is confidence. The governments must make hard decisions to move the process along. It is our judgment that this is more likely to occur if the basic defensive needs of the three countries are fulfilled by the United States, the one country able to talk to all sides to the conflict.

Secondly, it is our judgment that the basic political and military balance in the region will not be affected by these purchases. Israel has now, and will retain well

The Honorable
Gerry E. Studds
House of Representatives

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into the 1980s, a substantial margin of military superiority - especially air superiority. Our sales to Israel are designed to replace aircraft that will become obsolete and to provide Israel with a continuing edge in military technology. Saudi Arabia is inherently much weaker militarily than its larger neighbors. With 60 F-15s, Saudi Arabia in 1983 will still have less than one-third Iraq's number of combat aircraft and less than one-half Iraq's number of advanced fighters. Egypt now is in a weaker position with respect to aircraft than it was in 1973. The sale of F-5s will assist Egypt only in maintaining its defensive position relative to its neighbors; it will not give Egypt any qualitative or quantitative advantage.

In assessing the question of an arms race in the area, we must consider what might occur if the United States does not fulfill these defense needs. We must assume that other nations would fill this void. This would not have a positive long-range impact on the arms race.

Third, both Egypt and Saudi Arabia have an urgent need to strengthen their air defense capabilities. Egypt has not received any new aircraft from the Soviet Union in about three years and its inventory of MIGs is deteriorating. The F-5s will give Egypt the basis for a credible and efficient air defense system for its national territory. Saudi Arabia's air defense now relies heavily on British Lightnings that were purchased in 1966. These planes are scheduled to be retired because they will not be structurally sound by the time the first F-15s arrive in 1982. In fact, the Lightnings are already under restrictions on performance in order to prolong their useful life. Thus both governments have an urgent need to purchase replacement aircraft. In the context of these needs, delay could be taken almost as seriously as rejection.

Fourth, Saudi Arabia was given the opportunity to review the capabilities of four advanced fighters, the F-14, F-15, F-16, and F-18. In addition, consideration was given to the alternative of increasing the Saudi inventory of F-5 aircraft. The Government of Saudi Arabia chose the F-15 because it meets all of the criteria important to Saudi needs. It has the range necessary in a country as large as Saudi Arabia with relatively few airfield facilities. It has the radar capability Saudi Arabia needs in the absence of an adequate ground-based radar system. It is an all-weather aircraft and possesses other air superiority

characteristics for its primary role as an air interceptor. It has two engines which the Saudis prefer for safety reasons.

The F-5 has limited range and radar coverage and is not an all-weather fighter. The F-14 has many of the same air superiority characteristics as the F-15, but it is a two-person aircraft; the Saudis prefer a one-person plane. The F-16 is a more effective air-ground aircraft than the F-15, but is less capable as an air interceptor and lacks significant all-weather air interceptor capability. The F-18 is not in U.S. inventory and, under the President's policy, could not be sold abroad. In any event, the F-18 would not be available within the time required to meet Saudi needs. There is, therefore, a strong case for supplying the F-15 as the U.S. aircraft best suited to Saudi Arabia's needs.

Finally, we judged that the sales met the criteria and are consistent with the President's arms transfer policy. The total amount of this sale represents a very large figure, and we will space the contracts over several years. As you know, we are reducing the levels of arms sales this year by eight per cent or $740 million. Clearly, under the operation of our ceiling the spacing of the aircraft package sales will mean there will be further limitations on the sale of U.S. arms abroad in future years. This is in line with the President's policy. Under the terms of that policy, we have an obligation to meet the security needs of our friends. We do so only after the most searching examination in order to ensure that our sales do not exceed minimum feasible levels.

I hope this information and the answers to the questions you posed will be helpful to you as you consider this important proposal. Please call on me if you require additional information. I would note also that we are prepared to offer you and other interested members of the committee a briefing on the military balance in the region and a briefing on the characteristics of the three aircraft. This latter briefing has already been given to a number of House and Senate staffers.

Sincerely,

Lucy

Lucy Wilson Benson
Under Secretary for Security
Assistance, Science and
Technology

Enclosure:
Answers to questions on proposed aircraft sale.

1. Q: Precisely how will these three sales contribute to the progress of a peace settlement in the Middle East?

A: The sales will contribute to the peace process principally:

-- by enhancing the confidence of Egypt and Israel in their own security, thereby assisting them to make the hard decisions necessary for a peace settlement;

-- by demonstrating support for Saudi Arabia, a moderating influence in the area and a country which has strongly supported President Sadat's peace initiative.

-- by demonstrating US concern for their legitimate security needs and thereby reinforcing our role in working with the parties for a settlement.

2. Q: Should the present efforts to begin meaningful negotiations fail, will we have succeeded in doing anything other than simply upping the military ante in the area?

A: As the sales will not upset the military balance, but will augment the ability of each country to defend itself, our proposal should exercise a stabilizing effect on the region. Nations that are secure behind their borders are less likely to take action in anticipation of an attack.

3. **Q: What are the comparative combat capabilities, and the relative costs, of various US advanced aircraft? How do these capabilities compare to those of Russian, French, and British planes which are, or may be, available for export?**

A:(Contained in Classified Book)

4. **Q: What are the comparative military capabilities of all the nations in the Persian Gulf and Middle East area?**

A:(Contained in Classified Book)

5. **Q: What is the delivery schedule for each of the three proposed sales? How do these mesh with the technical and absorptive abilities of the nations involved?**

A:(Contained in Classified Book)

6. Q: What U.S. training and technical support will be needed in each case, and for how long? What training and support commitments have already been made to the three countries? Have we analyzed our long term ability to meet these commitments without creating manpower or technical shortages in the U.S.?

A: Israel F-15: Only a minimum of additional maintenance training will be required. Technical support is currently being provided under the current Israeli F-15 FMS program and it is expected that approximately 15 man-years additional technical support will be required. No training or support commitments have been made.

Israel F-16: There have been no training or support commitments made to Israel for the F-16. Training and technical support requirements will be established in consultation with the Israelis at a later date. Tentatively, we estimate that two Weapon System Logistics Officers will be needed for three years and 24 man-years of contractor engineering technical services will also be required.

Saudi Arabia F-15: An initial cadre of RSAF technicians and pilots will be trained in the U.S. prior to the arrival of F-15s in Saudi Arabia. The exact requirement for training and technical support in Saudi Arabia by contractor personnel will be determined by a site survey. We estimate on a preliminary basis that approximately 40 USAF personnel will be assigned to program management responsibilities in Saudi Arabia. The number of contractor personnel estimated

for initial introduction of the F-15 should be 500-600 personnel at peak employment two years after the Saudis receive the first aircraft in Saudi Arabia. No commitments have been made, however.

Egypt F-5: While this program has not yet been fully defined, the following support is being programmed. The estimated U.S. Government involvement will be a management and training supervision team consisting of approximately 10 individuals for a period of two years. Thereafter, USG program management and assistance would scale down to a three man effort for 3-5 additional years. Contractor involvement would begin with a three part effort: a maintenance technician team; a training team; and a contractor engineering technical services team. The maintenance technician team would consist of approximately 10 technicians who would help maintain the F-5 aircraft for the initial 18-24 month period or until self-sufficiency is attained. The contractor training team as presently envisioned would consist of approximately 12 individuals who would be responsible for some aircrew and technicial training in Egypt for a period of approximately one year. The contract engineering technical service team will consist of approximately nine specialized engineers who will be on site to assist the Egyptian Air Force as necessary. They would remain in Egypt for at least 3-5 years with the number of specialists decreasing gradually until no longer required. No training

7. Q: Trace the process by which each sale was chosen for a proposed letter of offer. In each case, why is the particular plane selected uniquely adapted to the perceived needs of the country involved?

A:

Each country has a legitimate need to maintain a credible defense capability, and in each case the requirement for air defense relates to the area or installations to be protected, the peculiarities of terrain, varying degrees of manpower and technical constraints, and the postulated threat. The Israeli requirement for F-15s and F-16s derives in large part from their need to maintain the kind of qualitative edge that compensates for demographic constraints. They do not have the manpower to expand their forces significantly. The mix of F-15s and F-16s is analogous to the US concept of hi-lo mix in which both the costs and the capabilities of aircraft are considered when structuring for an optimum force mix.

The F-5s offered to Egypt are less sophisticated than the advanced aircraft sought by Israel and Saudi Arabia. The F-5 is well suited to the air defense role for which Egypt intends it. The F-15 for Saudi Arabia is the only aircraft in the US inventory that meets the Saudi requirement for a single-seat, twin-engine, all-weather air superiority fighter. A full description of the unique Saudi requirements and how they relate to the Saudi choice

of the F-15 is contained in the classified DOD analysis of the Saudi F-15 request which was forwarded to Chairman Zablocki on March 8.

8. Q. Would the capabilities of the F-15 be enhanced by the sale of an early warning radar system, such as the AWACS, the E-2C or the British NIMROD?

A. Yes, the capabilities would be enhanced by these systems; however, we do not believe that an F-15 sale to Saudi Arabia will lead to the sale of the AWACS, the E-2C or the British NIMROD. The F-15 has an excellent radar. Were the Saudis to purchase an aircraft with a less effective radar than the F-15, they would be more likely to seek an airborne radar system.

9. Q. Are early warning aircraft included in the planned Saudi military modernization program?

A. Such aircraft are not part of Saudi Arabia's Air Force planning.

10. Q. Has the U.S. discussed such an eventual purchase with Saudi Arabia?

A. No. After the assertion was made last month of Saudi interest in an early warning aircraft, we asked a Saudi official if it were true. He denied any such interest on the part of the Saudi Government.

11. Q: What is the purpose of the Saudi's air base construction program? Against what specific threat are the bases at Turayf, Gurayet and Tabuk aimed at providing protection? Why cannot bases further from Israeli borders serve the same purpose? Were these base locations selected in accordance with - or contrary to U.S. - advice?

A: Saudi military planning stresses dispersal of defensive air and ground units throughout the Kingdom with concentration on the Dhahran area in the oil-rich Eastern Province; at Taif to defend the Mecca-Medina-Jidda complex; and at Khamis Mushayt to defend the southern border. Our military advisers in Saudi Arabia have agreed with the Saudis in the wisdom of this dispersal program but have neither encouraged nor discouraged the establishment of individual bases.

New asphalt strips have been constructed near Turayf and Gurayat (180 and 210 miles respectively from the nearest point in Israel) to replace old dirt strips. This is part of a country-wide program to improve civil aviation and has no direct military application other than the general usefulnesss of any runway for emergency landings. There are no air base facilities at either of these civilian airfields. Fighter aircraft could not effectively operate from either field.

Tabuk is the only military installation in the northwest portion of the country. Installations have existed at Tabuk since before World War II, and thus pre-date the establishment of the State of Israel. Tabuk sits astride a traditional invasion route into the Kingdom used by both Turks and Egyptians in the past.

The Saudi airbase at Tabuk, located 125 miles from the nearest point in Israel (Saudi Arabia and Israel share no land borders), is an expansion of the civilian airport which has been used by the civil airline since the early 1960s. In 1974 a British firm completed additional facilities which will permit support for a squadron of Lightning interceptors.

12. A. Is it true that ACDA opposes — or at one time did oppose — the Saudi sale? For what reasons? If their position has changed, for what reasons has it changed? What is the ACDA position with respect to the Egyptian and Israeli sales?

A. As you know, ACDA advises the Secretary of State, the National Security Council, and the President as to the potential arms control impact of prospective transfers under the FMS program. In particular, ACDA evaluates the potential impact of a proposed transfer on the stability of the region that includes the recipient nation, including the likelihood that the transfer may contribute to an arms race, or increase the possibility of outbreak or escalation of conflict, or prejudice the development of bilateral or multilateral arms control arrangements. ACDA also evaluates independently whether a proposed transfer is consistent with the provisions of the President's arms transfer policy. These arms control analyses then constitute one factor which must be weighed against other consideration--military, political, human rights, etc.—in deciding whether or not to approve an arms transfer request.

As a result of such an analysis of possible Middle East aircraft transfers, the Director of ACDA expressed concern over the sale to the Middle East of aircraft as advanced in capability as the F-15. However, at the same time, he also noted that he appreciated the presence of other overriding national interst, and, therefore, was

prepared to support a package of the type currently proposed. ACDA has never opposed the transfers under consideration of F-5Es to Egypt or F-16s to Israel. The ACDA position has not changed.

From the arms control standpoint, it is essential that the military balance among Middle East nations be maintained by evenhanded treatment of the principal powers, in order to avoid destabilizing the situation. Beyond that, movement toward a peace settlement is, of course, a major arms control objective. It would be ideal if no new transfers were necessary. But given the prospect that movment toward a peace settlement may be facilitated by arms transfers, it is ACDA's view that the arms control risk associated with any given level of transfers is minimized by a balanced package, such as the announced combination of Saudi, Egyptian, and Israeli sales.

13. **Q. Is it true that the Office of Policy Analysis and Evaluation of DOD opposes -- or did oppose -- the Saudi sale? What is the role of this office in the arms sales consideration process?**

A: (Contained in Classified Book)

14. Where will the F-15s be stationed within Saudi Arabia? What control, if any, will the U.S. have over this decision? Does the U.S. have a recommendation?

[redacted]e Saudi Government has indicated its intention to [redacted]on its F-15s at Dhahran in the Eastern Province, near Jidda-Mecca-Medina complex at Taif, and possibly at Khamis Musayt in the south. We agree with these Saudi plans. These are the only three Saudi air bases which presently have the logistics infranstructure to support the permanent basing F-15 aircraft.

The Saudis have indicated they do not intend to station these aircraft at Tabuk. The F-15 could not be assigned to Tabuk as a main operating base unless significant modifications and improvements were made in the base infrastructure. These changes would include new hangers, technical workshops, spare parts storage — all of which would have to be built to American standards specifically designed for the F-15.

15. Q. Should there be an attack on Israel by Egypt or Syria, how likely is it that Israel would act to limit Saudi options by launching a pre-emptive strike to eliminate the potential threat posed by the F-15s? What would be the consequences of such a strike?

A. Saudi Arabia is not a confrontation state and has abstained from any significant combat in previous Arab-Israeli wars and any threatening gestures toward Israel. Israel has not launched pre-emptive strikes against either Iraq or Libya, nations which have extensive inventories of sophisticated Soviet-supplied equipment. Under these circumstances, and considering Saudi Arabia's intentions to use the F-15 defensively and not to deploy it so as to provoke an Israeli attack, we regard an Israeli pre-emptive strike against Saudi Arabia as unlikely.

16. Q. How will the F-15 sale complicate the military situation for Israel? Will it force them to divert some of their air squadrons from other theaters?

A. Israeli positioning of their air assets is based on their perceptions of all possible threats. Notwithstanding considerable evidence that Saudi F-15s would play no part in any future conflict, the Israelis might choose to modify their aircraft deployments as a hedge against possible Saudi involvement. But given the limited airspace to be defended and the excellent capabilities of the Israeli Air Force, it is most unlikely that any such modified deployment would constitute a diversion of forces from any theater.

a. Will it complicate their (Israeli) identification problems?

A. Aircraft are normally identified by radio call-sign, proper IFF (Identification Friend or Foe) coding and ground based radar tracking. The sale of F-15s to Saudi Arabia would not complicate the Israeli identification problem.

b. How do you tell a friendly F-15 from an unfriendly one?

A. Aircraft are normally identified by radio call-sign, proper IFF coding and ground based radar tracking.

[redacted] Would the sale pose a threat to the survival of the Israeli E-2C?

The Saudi F-15s are for air defense of Saudi , and it is very unlikely that the planes would . beyond Saudi borders to attack Israeli targets on the ground or in the air. There is little s that the Saudi F-15 would constitute a threat e Israeli E-2C. The E-2C has a stronger radar the F-15 and hence could acquire the F-15 on the ir scope before the F-15 could see the E-2C. The aeli aircraft, a highly maneuverable radar platform, ll be effectively defended by Israeli fighters and round-to-air systems.

17. A. Should war break out, is Saudi Arabia likely to fear a pre-emptive strike from Israel? If so, what steps could/would they take to prevent such a strike?

A. See 15 above.

18. Q. What was the Saudi military role in the 1967 and 1973 wars? Would this role have expanded if the wars had lasted longer?

A. The Saudis did not participate in the 1967 war, nor have they played a significant role in any Arab-Israeli war. During the 1973 war, a Saudi army brigade was stationed in Syria in a reserve position; this unit was engaged in one minor contact with Israeli forces. Also during the October 1973 war, the Saudis sent eight Agusta-Bell helicopters to operate in rearward areas of Egypt on logistic support missions. These helicopters, flown exclusively by Saudi pilots, were sold by the Italian firm Agusta-Bell on direct commercial contract from the Italian company to the Saudi Air Force.

It is doubtful the Saudi role would have expanded if the wars had lasted longer. The Arab confrontation states do not look to Saudi Arabia for military assistance, but to Saudi financial and diplomatic support.

19. Q: Saudi Arabian Defense Minister Sultan has been quoted (Events, December 3, 1976) as saying that the Saudis have never accepted, and would never accept, arms sales conditions which would prevent them from re-transferring the arms which they receive to a third nation. Presumably this is not an accurate reflection of the Saudis attitude as expressed to the United States. How, then, can this statement be explained?

20. Q: King Khalid has been quoted as telling the New York Times in May, 1976, "When we build up our military strength, we have no aims against anybody except those who took by force our land and our shrines in Jerusalem." Is this an accurate -- in context -- quote?

21. Q: If statements like the two referred to above are made solely for home consumption, as it has sometimes been said, why was the Khalid statement made to the New York Times? Won't Saudi leaders be under considerable pressure to join in any future war effort against Israel? Is it true that Saudi Arabia experienced riots in 1967 and 1973 due to the lack of greater SA participation in the wars?

A. Each Letter of Offer accepted (DD Form 1513) contains several conditions of sale including the condition that the articles and services to be provided cannot be retransferred to a Third Country without the prior approval of the USG. In all of our conversations with the Saudis -- and we have talked to the highest levels -- they have indicated that they will abide by the provisions under which the United States supplies military equipment. At the same time they

have assured us they have no aggressive intentions against any state in the region. The defensive nature of Saudi Arabia's armed forces modernization program and Saudi assurances they will not train the pilots of other Arab countries on the F-15 or transfer the aircraft were stressed by Vice Minister of Defense Prince Turki in his talks with Under Secretary Benson during her visit to Saudi Arabia this year. I understand similar assurances have been given by the Saudis to recent Congressional delegations visiting Saudi Arabia.

There were no riots in Saudi Arabia in 1967 and 1973 due to lack of greater Saudi participation in the wars. There was rioting in 1967 when groups attacked U.S.-related facilities to protest U.S. support for Israel.

22: Q: Have the Saudis been training Egyptian pilots on their F-5Es despite State Department protests? What could be the purpose of such training?

A: In late 1975 six Egyptian pilots received orientation training in the Saudi F-5s while nine Egyptian maintenance officers attended an English language course in Saudi Arabia. This training was terminated after two months, at our request. A second group--nine technicians--arrived in Saudi Arabia for training in May 1976. At our request that training program was never started and the nine Egyptians left for home. Subsequently, no further training of Arab Confrontation State personnel has been performed.

23. Q. Even if the F-15 is never intended for use against Israel, would not its presence free a greater number of Saudi F-5s for this purpose?

A. The F-15s will fill the air defense mission now performed by the British-made Lightnings after those planes are phased out of the Saudi Air Force. Provision of the F-15 represents a modernizing of an existing capability that already has been integrated into the Saudi air defense structure. Thus, the sale of F-15s to Saudi Arabia will not free F-5s for other missions.

We believe it is extremely unlikely that F-5s would be used in an attack on Israel. Their limited range and vulnerability in the dense Israeli air defense environment make the F-5 unsuitable for attack missions against targets in Israel.

24. Q. Maj. Gen. Keegan, former AF Intelligence, reportedly told the Senate Foreign Relations Committee that the F-15 sale would be: "A situation tailor-made for early compromise of American technology to the Soviets." Given the level of cooperation which exists between the Saudi, Egyptian and Syrian Air Forces, isn't this a serious risk?

A. There is no cooperation between the Saudi and Syrian Air Forces.

There has been orientation training for Egyptian pilots in Saudi Arabia in the past, but the number of pilots involved has been minimal. These activities have occurred only twice (1975 and prior to the 1973 war) and no pilots were ever actually qualified on the F-5 aircraft.

Security measures in Saudi Arabia are excellent and compromise of classified data to the Soviet Union, directly or indirectly, is highly unlikely considering the strong anti-communist attitudes of the Saudi Arabian people. The RSAF is extremely conscientious about military security, particularly physical security involving flight line or maintenance facilities. Although there are third-country nationals in Saudi Arabia, their access to U.S. classified information is not authorized. Airfields and other secured areas in Saudi Arabia have very tight entry and exit controls. Further, Saudi Arabia has no diplomatic relations with any communist country and Saudi controls over entry by foreigners is very strict.

25. Q. What real contributions have the Saudis made to the current attempt to negotiate peace? How much influence do they have with Syria and Jordan?

A. Saudi Arabia's contribution is based foremost on its firm commitment to a negotiated settlement of the Arab-Israeli conflict. The Saudis strongly oppose the outbreak of another war which they believe would put intolerable strains on their highly valued relationship with the U.S., and bring about a return of radical and Soviet influence to the Middle East. Within this framework the Saudis have been active in seeking an end to the civil strife in Lebanon, have maintained financial support for Arab moderates and have supported Arab participation in a Geneva Conference.

Saudi Arabia has considerable influence with both Syria and Jordan, but, quite naturally, both of these countries insist on freedom of decision in questions involving their fundamental national interests, as does Egypt.

26. Q. How many weapons -- and what type -- has Egypt received from sources other than the U.S. since the 1973 war? Did they receive weapons from the USSR as late as 1977? If so, were these restricted to follow-on deliveries of previously signed contracts, or were some under newly assigned agreements?

A: (Contained in Classified Book)

27. Q: Are France and Egypt proceeding with plans to establish an F-1 plant in Egypt? How does the F-1 compare with US fighter planes?

A: The French and Egyptian Governments have recently denied any plans to sell or coproduce the F-1 in Egypt.

The F-1 was designed essentially to compete against the F-16 for the NATO market; it is comparable, therefore, to the F-16. See also Question 3.

28. Q: Britian, reportedly, has previously refused to sell Jaguars to Egypt on the grounds that this would upset the military balance in the Middle East. Is this true?

A: We are not informed about the content of any discussions which may have taken place earlier on this matter between HMG and the Egyptian Government. In early November 1975, the British press speculated that the British Government was on the verge of approving the sale of Jaguars to Egypt. However, there was no subsequent confirmation of such a decision, and, to the best of our knowledge, the Egyptians have not expressed an interest in over two years relative to the purchase of Jaguar aircraft.

29. Q. Many of our arms sales, particularly to Saudi Arabia and to Iran, have been justified on the grounds of the potential threat to our allies which is posed by the nation of Iraq. At least one recent press report has indicated that Iraq's policies may be becoming more moderate:

"The traditional rivalries of the oil rich Persian Gulf may be easing significantly, diplomats in the region believe, with new efforts at detente in the strategic region. The key element has been a six month push by Iraq... Iraq has promised to end all support of leftist groups opposing the other regimes, according to diplomatic sources, and has pledged to work for better relations and overcome residual hostility and suspicion. Baghdad is moving quickly toward resolution of its 16 year border dispute with Kuwait, and both have withdrawn troops from the area." (Baltimore Sun, 9/7/77.)

(a) Is Iraq moderating its policies? If so, what effect should, or will, this have on requests for U.S. arms by other Persian Gulf countries?

(a) Since the 1958 revolution, the Iraqi posture towards its Arab neighbors in the Gulf region has been cyclical. Threats, intimidation, subversion, and propaganda have been followed by efforts at detente; and then the pattern has repeated itself. The U.S. hopes that Iraqi policy toward the region will develop along more positive cooperative lines, but Iraq's Gulf neighbors, while sharing this hope, remain suspicious and skeptical. The ideologues in Iraq's Baath Party believe that revolution and Baathi-type socialism must be exported, but are willing to pursue a waiting game.

We believe that Iran as well as the Arab states in the Gulf region will remain apprehensive about Iraq's long-term intentions, as well as about its already significant and growing military strength, and will seek to bolster their defenses accordingly.

(b) What efforts are underway to improve U.S.-Iraqi relations?

(b) The Administration has made quiet efforts to improve U.S.-Iraqi relations, in hopes that we could develop a dialogue at a policy-making level on issues which divide us, which include Iraq's rejectionist stance towards Middle East peace negotiations and its support for certain terrorist groups. Under Secretary Habib visited Iraq in 1977 with this objective in mind. While many important Iraqis want improved relations with the U.S., and seek wider access to American goods and services, Iraqi leadership has been reluctant to make any major steps in this direction.

On the commercial front, however, Iraq began purchasing from Western suppliers in 1972. Iraq-U.S. trade has grown from $26 million in 1972 to $210 million in 1977. Iraq also sends students to the United States for graduate level education. We view these commercial and cultural contacts as possibly leading to a broader dialogue on bilateral issues. Even should U.S.-Iraqi relations improve substantially, we see little or no change in the attitudes of the neighboring states toward the Baathist regime or in their interests in acquiring a modern defensive capability.

30. Q: On the military side, just how great a threat does Iraq post to Saudi Arabia?

(a) Are not the Saudi 5-Es plus their HAWK batteries sufficient to defend against an air attack, and isn't an armored attack from across the desert very unlikely to succeed?

A: (a) Iraq already has substantially more high performance aircraft than Saudi Arabia; its strength in armor, land transport, and manpower far exceeds that of Saudi Arabia. Iraq's offensive capacity is growing at a rate that may make it the best armed Arab military force in the region within a decade. Against this potential threat, Saudi Arabia has to defend widely dispersed population centers and its oil fields. The Saudis' F-5s and HAWKS need to be supplemented by higher-performance aircraft by 1982 Saudi Arabia will have phased out its aging Lightnings. With the F-15s, Saudi Arabia will have significant defensive capabilities against air attack, but Saudi Arabia in the 1980s could not hold out for a lengthy period alone against a determined Iraqi military effort, whether by armored attack or by other operations.

(b) Doesn't Iraq have overwhelming reasons to fear a counterattack? They would be very vulnerable to such an attack either from SA or from Iran, or both. Don't they have the same overwhelming objective of maintaining freedom of navigation through the Persian Gulf which is central to the strategies of SA and Iran?

(b) In the event Iraq planned an attack against Saudi Arabia, i would have to take into account the possible reactions of Iran and Syria, as well as its increased vulnerability to Israel. By 1983 Iraq should have a sufficient number of modern combat aircraft to maintain an effective defense of its home territory

against either Iran or Syria while mounting a strike against Saudi Arabia. In addition, Iraq's oil fields and facilities are more widely dispersed and more heavily defended than comparable installations in Saudi Arabia and Iran.

Iraq supports freedom of navigation in the Persian Gulf through which the bulk of its oil exports now pass. Iraq could, however, continue to export substantial quantities through its pipeline to a Turkish port as well as an ever greater quantity through Syria by pipeline to the Mediterranean (if the Syrians agreed to reopen that pipeline). Although Iraq has superior naval units compared to Saudi Arabia, the Iraqi Navy is clearly outclassed by Iran's and there is little likelihood that Iraq would attempt to use force to close the Persian Gulf to shipping.

31. Q: How would these sales, and components of these sales, be spread during the next few fiscal years?

A: Our plan is to have Letters of Offer valued at about $2.2 billion signed in FY-1978 and 1.3 in FY-1979. The remaining Letters of Offer will be signed in later fiscal years.

32. Q: How close will these sales take us to the ceiling for fiscal 1978?

A: The ceiling for FY-1978 is $8.6 billion. Under our ceiling management plan, we estimated a discretionary balance of approximately $3.3 billion. (This estimate assumes that all AWACS LOAs will be signed in FY-1978 and sets aside ceiling dollars for significant sales previously approved by Congress but not signed by October 1, 1977, for cases involving major follow-on support/for small miscellaneous cases.) We estimate that about $2.2 billion in LOAs will be signed for the Middle East aircraft package. This leaves a little over $1 billion for other Foreign Military Sales.

Q: 33. What other major sales, if any, are expected to be proposed during the remainder of this fiscal year?

A: We will be submitting to Congress pursuant to Section 36(b) of the Arms Export Control Act other Letters of Offer for the sale of defense articles or services valued at $25 million or more or for major defense equipment valued at $7 million or more. We do not anticipate that any of these sales will be major in scope.

34. Q: Will the size of these sales, coupled with the President's determination to stay within the sales ceiling, result in the elimination from consideration, or at least a substantial delay, in the proposal of other major sales? Particularly, the likelihood of additional advanced aircraft sales to Iran?

A: As indicated in Question 33, we do not anticipate any major aircraft sales to Iran this year.

35. Q: Is the President committed to the continuation of an annual reduction in arms sales to non-exempt nations, at least during the remainder of his first term?

A: In his statement of February 1, the President announced that the ceiling for FY 1978 would be $8.6 billion. As to the future, he said, "I intend to make further reductions in the next fiscal year. The extent of next year's reduction will depend upon the world political situation and upon the degree of cooperation and understanding of other nations."

36. Q: The United States turned down Israel's request to coproduce the F-16. This decision was made in accordance with the President's arms sales policy. Why was this decision made, and what has been the response of Israel? Have any other nations commented on this decision?

A: Decisions have not been taken on possible Israeli coproduction of the F-16, and Israel's request remains under consideration. We remain prepared to discuss with Israel all aspects of our arms relationship including the coproduction issue, as and when Israel wishes to proceed.

37. Q: Is the F-15 sale to the Saudis likely to result in any requests by the Saudis to transfer some of their less sophisticated planes to other nations?

A: The F-15s are intended in part to replace the U.K. origin Lightnings, currently in the Saudi inventory. The Lightnings are rapidly nearing the end of their structural life and will no longer be safe to fly. We therefore do not believe these aircraft will be transferred.

Saudi Arabia has requested our approval of the possible transfer of four of their older F-5B aircraft to the Yemen Arab Republic to begin the process of training the Yemenis in Western equipment. That possible transfer is unrelated to the proposed F-15 sale - Congress was notified of this possible transfer on September 20, 1977. The Saudis plan to retain the remainder of their F-5s for ground support and therefore they will not be transferred.

38. Q: A recent study by the Senate Energy and Natural Resources Committee states that the rapid increase in Saudi military expenditures can be traced to, among other factors, the greater arms buildup in Iran. The study also states that the Saudis consider the Iranians to be heretics, while hinting, in addition, that Iran may eventually be tempted by the vast oil reserves of Saudi Arabia once their own petroleum supplies begin to run out. Do the Saudis consider Iran to be an actual or potential threat to their national security?

A: Over the last decade following the British withdrawal from the Persian Gulf, the Saudis and Iranians have come to perceive a basic common interest in the region's security. They share a common recognition of the danger of radical forces to the Persian Gulf. Each regime has a deep concern for the long term political stability of the other and neither harbors territorial ambitions against the other. The Saudis need to be able to play an effective, credible role in cooperating with Iran to defend the Gulf.

39. Q: The Army Corps of Engineers supervises the massive military construction program now on-going in Saudi Arabia. To what extent, and in what way, does the U.S. seek to soothe Saudi sensibilities with respect to the use of Jews in supervising this program? Are Jewish members of the Corps participating? Is there any discrimination with respect to the selection of contractors and subcontractors?

A: The US Army Corps of Engineers' personnel practices are in strict compliance with USG policy that individuals should be considered and selected for overseas assignment on the basis of merit without reference to race, color, religion, national origin, sex, or age. No attempt has been made to exclude Corps personnel of the Jewish faith from assignments in Saudi Arabia, and Jewish staff members have travelled to Saudi Arabia in connection with their responsibilities. We have no record of complaints of discrimination with respect to the selection of contractors or subcontractors or their personnel.

40. Q. Do either the Saudi Arabians or the Egyptians fear an offensive military strike by the Israelis?

A. There is undoubtedly concern in some quarters in Saudi Arabia and Egypt about possible offensive action by Israel. See also question 15.